

**HOUSE COMMITTEE ON  
TRANSPORTATION**

February 8, 2017

House Bill 895 Relating to Motor Vehicle Insurance

Chair Aquino, Vice Chair Quinlan, and Committee Members:

I am Rick Tsujimura, representing State Farm Mutual Automobile Insurance Company (State Farm). State Farm offers the following comments in **support** of House Bill 895 Relating to Motor Vehicle Insurance:

The purpose of this bill is to modernize the language in HRS section 431:10C-119. The current provision was drafted when virtually all commercial activity was conducted from “brick and mortar” structures and customers had to trek to those locations to purchase everything needed in everyday life, including insurance. Today, however, many products and services traditionally accessed at a physical office can be obtained digitally through mobile smart phone or internet technology. The Legislature recognized this last year when it passed a bill allowing electronic versions of insurance cards to meet the proof of insurance requirement.

Current law requires the insurance commissioner to require insurers to maintain a physical sales and claims office in Hawaii in order to sell auto insurance. Curiously, this only applies to auto insurance, and it does not apply to a “member-owned reciprocal insurer and its wholly owned insurer subsidiaries.” This bill recognizes the reality that both sales and claim handling can be done without requiring an insured to go to an office, making both easier, faster, and more efficient. Insurance applications are now submitted online with smartphones or computers, and there is no need for the insured to go to an office to submit a claim. Claims forms and damage photos are submitted digitally, and claims adjusters communicate with claimants and body shops through computers and telephonically.

This bill continues the trend for the Insurance Code to reflect the current state of business, and provide consumers with the convenience they desire. It also reserves for the commissioner the ability to ensure that adequate arrangements have been made for claims service and adjustment; if an insurer is not meeting its obligations, the commissioner can require an in-state claims office. This gives the commissioner maximum flexibility to modernize sales and claims handling, and allows insurers to keep up with their customers’ expectations for convenient and fast service in an electronic age.

Thank you for the opportunity to present this testimony.

Hawaii State Legislature  
House Committee on Transportation

February 7, 2017

*Filed via electronic testimony submission system*

**RE: HB 895, Motor Vehicle Insurance; Claims Service; Sales - NAMIC's Written Testimony IN SUPPORT**

Dear Representative Henry J.C. Aquino, Chair; Representative Sean Quinlan, Vice-Chair; and honorable committee members:

Thank you for providing the National Association of Mutual Insurance Companies (NAMIC) an opportunity to submit written testimony to your committee for the February 8, 2017, public hearing. Unfortunately, I will not be able to attend the public hearing, because of a previously scheduled professional obligation. NAMIC's written comments need not be read into the record, so long as they are referenced as a formal submission and are provided to the committee for consideration.

The National Association of Mutual Insurance Companies (NAMIC) is the largest property/casualty insurance trade association in the country, with more than 1,400 member companies. NAMIC supports regional and local mutual insurance companies on main streets across America and many of the country's largest national insurers. NAMIC members represent 40 percent of the total property/casualty insurance market, serve more than 170 million policyholders, and write nearly \$225 billion in annual premiums. NAMIC has 84 members who write property/casualty/workers' compensation in the State of Hawaii, which represents 28% of the insurance marketplace.

NAMIC is pleased to support this reasonable and appropriate business modernization bill. The insurance industry, like the rest of the business world, has embraced modern technology, and consumers' desire to engage in online business.

In recent years, the Hawaii State Legislature has passed bills to allow for electronic communications between insurers and their policyholders, and has allowed insurance consumers to provide proof of compliance with the motor vehicle financial responsibility law, via mobile device displayed proof of insurance.

HB 895 is just the next logical step down the path of unavoidable modernity. The proposed legislation merely recognizes the fact that the business community, including the insurance industry, needs flexibility to address consumer online business transaction needs in a consumer-

friendly, technology-friendly, and green-friendly manner. HB 895 will allow insurers to use modern technology to provide valuable consumer services to members of the community without the overhead cost of unnecessary physical office premises around every corner.

The proposed legislation also specifically continues the Commissioner of Insurance's broad discretion to regulate how insurance companies engage in automobile insurance sales and claims adjusting practices in the state.

Thank you for your time and consideration. Please feel free to contact me at 303.907.0587 or at [crataj@namic.org](mailto:crataj@namic.org), if you would like to discuss NAMIC's written testimony.

Respectfully,

A handwritten signature in cursive script, appearing to read "Christian John Rataj".

Christian John Rataj, Esq.  
NAMIC Senior Director – State Affairs, Western Region

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DATE: February 7, 2017

TO: Representative Henry J.C. Aquino  
Chair, Committee on Transportation  
*Submitted via Capitol Website*

RE: **H.B. 895 – Relating to Motor Vehicle Insurance**  
**Hearing Date: Wednesday, February 8, 2017 at 9:00 a.m.**  
**Conference Room: 423**

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Dear Chair Aquino and Members of the Committee on Transportation:

We submit this testimony on behalf of USAA, a diversified financial services company. USAA is the leading provider of competitively priced financial planning, insurance, investments, and banking products to members of the U.S. military and their families. USAA has over 82,000 members in Hawaii, the vast majority of which are military-based members.

USAA would like to provide **comments** on H.B. 895, which would amend HRS §431:10C-119 by giving the insurance commissioner discretion to require motor vehicle insurers to have an in-state claims, adjustment, and sales service office in order to broaden access to such services through alternative means such as electronic technology.

USAA prefers the language in the Senate companion bill, S.B. 372, which makes clear that a member-owned reciprocal insurer and its wholly owned insurer subsidiaries will continue to be exempt from the insurance commissioner's discretion provided that the requirements under subsection (c) of the statute are met. As such, USAA recommends striking the language on page 3 at lines 12 and 13 of the bill. If the committee is inclined to keep this provision, USAA would suggest adding clarifying language to ensure the exemption from the in-state requirement is retained as long as the requirements of subsection (c) are met.

Thank you for the opportunity to provide comments on the measure.

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Gary M. Slovin  
Mihoko E. Ito  
C. Mike Kido  
Tiffany N. Yajima